WCB

1985 ANNUAL REPORT

ANNUAL REPORT
of
THE WORKERS' COMPENSATION BOARD
for the
Year ended December 31, 1985

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BRIAN BOOTH, CHAIRMAN

Brian Booth was appointed as Chairman of the Board on January 1, 1983. Prior to this appointment he held the position of Executive Director to the Board.

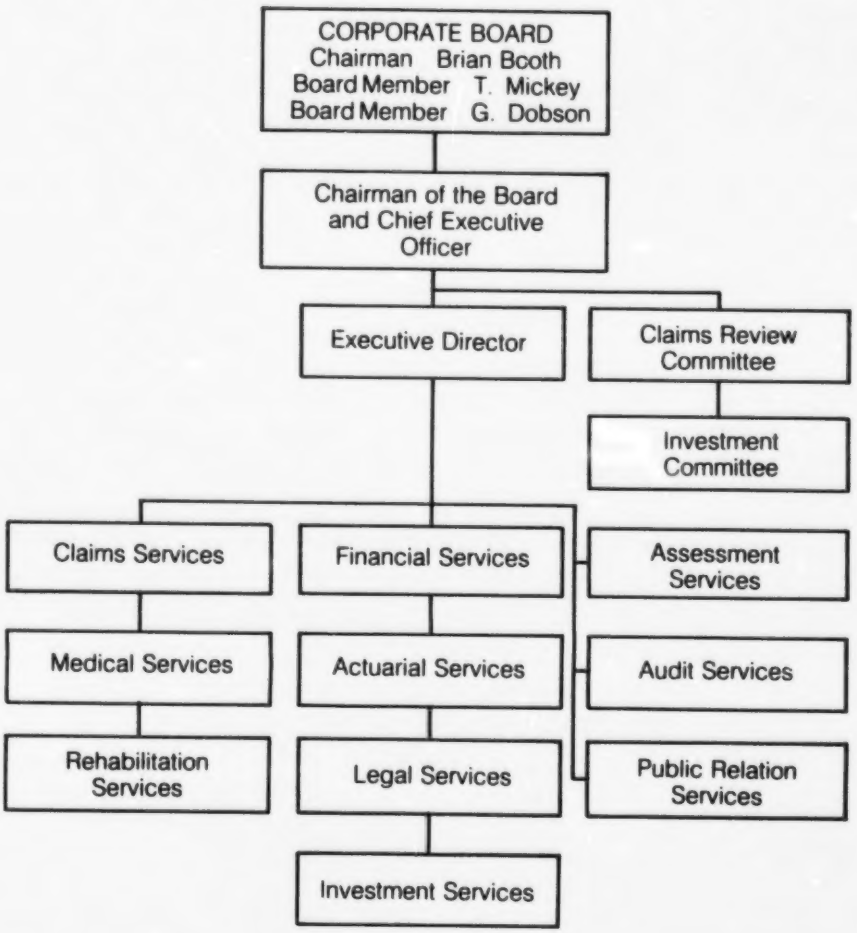
THOMAS MICKEY, MEMBER

Thomas Mickey who represents industry on the Board is the owner of a trucking company, and has been a director of the Yukon Transportation Association. He was appointed to the Board on September 1, 1984.

GERRY DOBSON, MEMBER

Gerry Dobson represents labour on the Board. He was president of Local 926, United Steel Workers of America and was active in management-labour safety committees. He was appointed to the Board on June 1, 1981.

WORKERS' COMPENSATION BOARD 1985



TO: **THE HONOURABLE R. KIMMERLEY**
MINISTER OF JUSTICE
GOVERNMENT OF YUKON

In accordance with Section 10.1(9) of the Workers' Compensation Act, the Workers' Compensation Board is pleased to present its Annual Report for the year ended December 31, 1985.

The purpose of the Workers' Compensation Act is to provide compensation to the worker for wage loss due to disability from personal injury by accident arising out of employment without recourse to litigation. It ensures promptness and certainty of payment to the worker or dependents without unduly burdening the employer. During 1985 the Board continued to pursue its goal of providing the highest standard of service to injured workers.

Compensation is administered by the Yukon Workers' Compensation Board, a corporate entity by statute. Accident costs include compensation, medical aid and rehabilitation, physical impairment awards, fatal and survivors benefits and the cost of administration and accident prevention. These are paid from assessments levied on employers together with earnings realized on investments.

FINANCE

Board policy is to fully fund the cost of all accidents in the year that they occur, so that at all times there will be no unfunded liability in respect of prior year's accidents. Meeting such unfunded liability in an economic downturn could impose an undue hardship on the remaining employers. So the Board is pleased to report that this policy has been successful in spite of the recent economic conditions.

In 1985, the Board obtained professional investment advice in order to take advantage of the prevailing rates of interest. In keeping with Board Policy the investment portfolio is managed and in the custody of independent professional investment counsellors. It is the policy of the Board to follow the advice of the independent investment counsellors, under the direction of the Board's investment committee. The portfolio is maintained as a trust fund, distinct and separate from the general account of the Yukon Consolidated Revenue Fund.

For the known liability of pension payments in future years, part of the investment portfolio is restructured to match the outflow of pension payments, using a combination of both bonds and stripped coupons from Government of Canada long term bonds. This dedicated portfolio will obtain a guaranteed rate of return of 13.0% compounded over the next 21 years, without any need for reinvestment of interest. The cash flow includes a substantial allowance for future automatic cost of living increases to the pensioners.

INCREASED BENEFITS

Increases in the amounts of compensation resulted from the provisions of Section 79 whereby the amounts of compensation are increased in accordance with changes in the Consumer Price Index. The amount of increase at January 1, 1985 was 4.4%.

— Lump sum payments to dependant widows or widowers who remarry were increased to $6,749 from $6,465.

— Pensions to dependant widows or widowers were increased to $718 from $688 per month.

— Pensions to dependent children were increased to $183 from $175 per month.

— Payments to dependant widows or widowers for additional expenses resulting from the death of a worker were increased to $1,348 from $1,291.

— Payments for necessary burial expenses were increased to $1,543 from $1,478.

— Payments for transportation of body where necessary in fatal accidents were increased to $272 from $261.

— Existing pensions for permanent disability were increased by 4.4%

REPORT OF MANAGEMENT TO THE MINISTER

TO: **THE HONOURABLE R. KIMMERLEY**
MINISTER OF JUSTICE
GOVERNMENT OF YUKON

The accompanying financial statements and all information in the Annual Report are the responsibility of management and the Workers' Compensation Board. The financial statements were prepared by management in conformity with accounting policies appropriate in the circumstances. The non-financial information provided in the Annual Report has been selected on the basis of its relevance to the Board's objectives and the extent to which reasonably precise measurement is practical.

The Board maintains internal financial and management systems and practices which are designed to provided reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used efficiently to further the Board's aims.

The Board, through its Audit Committee, is responsible for reviewing and monitoring the Board's managment accounting and reporting practices. The Audit Committee meets with external auditors to satisfy itself that these responsibilities are properly discharged.

The Auditor General of Canada annually provides an independent, objective review of management's discharge of its responsibility to report fairly the operating results and financial position of the Board in accordance with accounting policies deemed appropriate for the operations of the Board. His examination includes a review and evaluation of the Board's system of internal control and appropriate tests and procedures to provide reasonable assurance, in all material aspects, that the financial statements are presented fairly.

The Auditor General has full and free access to the Audit Committee and meets with it to discuss the results of his examination and the adequacy of financial and management controls.

Brian Booth
Chief Executive Officer

Dorothy Wasylynchuk
Executive Director

Patch Buckler
Director of Finance

CLAIMS

An employee covered under workers' compensation, if totally disabled longer than the day of the accident, is entitled to compensation computed at the rate of 75 per cent of his average yearly earnings paid from the date following the accident and for the duration of disability. The maximum earnings used for computation of compensation during 1985 was $28,500 per annum. The minimum compensation payable for disability was $127 per week.

The total number of claims reported to the Board during 1985 was 1,040 compared with 1,029 during the year 1984. There were two fatal accidents during 1985.

Accidents reported for the period 1976 to 1985 inclusive, were as follows:

• YEAR	• ACCIDENTS REPORTED	• FATAL ACCIDENTS	• PERMANENT AWARDS
1976	1,426	4	36
1977	1,536	2	24
1978	1,706	5	29
1979	1,778	4	29
1980	1,939	6	30
1981	2,018	6	45
1982	1,354	7	40
1983	1,059	1	32
1984	1,029	1	22
1985	1,040	2	23

ASSESSMENTS

During 1985, the Board continued to hold meetings with interested employers and associations before finally determining the rate of assessment applicable to the various classes of industry.

Assessment rates are established after considering the cost experience, the financial position of the industry classification, and the reserves required for outstanding claims and pensions.

The financial results for the year indicated a surplus in the operating or rate stabilization reserve of the fund. So the assessment rates for four classifications of industry was decreased at January 1, 1985 and the remaining classifications remained unchanged. Rates decreased from $7.25 to $6.00, from $5.00 to $4.50, from $4.00 to $3.50 and from $3.50 to $3.00.

The maximum assessable earnings for 1985 were $28,500 per annum. The minimum coverage available to independent operators and active directors of limited liability companies was $8,500 per annum.

The following table indicates assessments for the years 1976 to 1985, inclusive:

• YEAR	• EMPLOYERS REGISTERED	• MAXIMUM EARNINGS	• PAYROLLS REPORTED
1976	1,331	$ 12,000	$ 77,180,000
1977	1,375	13,000	84,710,000
1978	1,451	17,000	100,272,000
1979	1,347	19,000	155,492,000
1980	1,782	19,000	178,453,000
1981	1,963	21,000	212,757,000
1982	2,061	24,000	199,304,000
1983	1,545	25,000	182,698,000
1984	1,915	27,000	201,312,000
1985	1,465	28,500	200,093,000

APPEALS

If a worker, dependant or employer is dissatisfied with the initial decision on a claim, he may request a review by the Claims Review Committee, which is composed of senior members of the Board staff. A written explanation of their decision is provided, and the person is informed of their right of further appeal to the Board. During 1985, the Board considered 46 appeals (1984 — 64 appeals), and the Claims Review Committee reviewed 9 claims (1984 — 15).

When there is a difference of opinion on medical issues, under Section 22 of the Act, the case is referred to an independent specialist. During the year, 7 cases were referred (1984 — 7).

REHABILITATION

Rehabilitation services provide an important aid in the workers' recovery from the effects of accident and industrial injury. The aim is to restore the workers' health and physical function to the greatest possible extent and to aid their return to meaningful and productive employment.

Physical rehabilitation involves therapy treatment as prescribed by the attending physician, such as physiotherapy. Occupational rehabilitation includes retraining workers to resume pre-accident employment with the original employer, training injured workers to provide new skills within their capabilities, and their placement in suitable employment with other employers.

The Board appreciates the active and willing cooperation of those employers who assisted in the placement of workers and the upgrading of skills. During this year, 17 cases were referred for physical rehabilitation and 4 cases for vocational rehabilitation.

GENERAL

During the year, the Board continued to cooperate with the Occupational Health and Safety Division of the Government of Yukon. The Board paid to the Government of Yukon the amount of $95,000, compared to $65,000 in 1984, to cover the costs of the program. First Aid courses were offered at no charge to workers under the Workers' Compensation Act.

The assistance received from the Auditor General of Canada and his staff was very much appreciated.

The Workers' Compensation Board would like to take this opportunity to express appreciation and acknowledge the work of their staff without whose dedication effective administration of the Act would not have been possible.

Respectfully submitted,

Brian Booth, Chairman

Gerry Dobson, Board Member

Thomas Mickey, Board Member

EXHIBIT "A"
MONTH OF OCCURENCE OF ACCIDENTS REPORTED
January 1 - December 31, 1985

• CLASS	• JANUARY	• FEBRUARY	• MARCH	• APRIL	• MAY	• JUNE	• JULY	• AUGUST	• SEPTEMBER	• OCTOBER	• NOVEMBER	• DECEMBER	• TOTAL
1	4	5	8	4	5	11	12	12	5	8	7	6	87
2	3	13	8	6	9	13	11	25	24	9	4	5	130
3	7	3	3	4	9	11	12	17	10	18	6	6	106
4	6	6	7	5	8	10	7	13	9	12	5	5	93
Govt.	12	17	16	12	8	11	14	15	15	17	21	37	195
6	26	15	13	13	24	22	25	21	19	19	10	12	219
7	5	4	10	5	8	8	10	11	3	9	3	1	77
NC	3	3	7	8	6	16	20	22	10	15	11	12	133
TOTAL	66	66	72	57	77	102	111	136	95	107	67	84	1040

EXHIBIT "B"

NATURE OF INJURY IN ACCIDENTS REPORTE

January 1 - December 31, 1985

• CLASS	• AMPUTATION	• CHEMICAL BURN	• BURN	• CONCUSSION	• BRUISE	• LACERATION	• DISLOCATION	• FRACTURE	• HERNIA	• ABRASION	• SPRAIN	• MULTIPLE	• HF
1	0	0	2	1	18	8	2	8	0	6	22	6	8
2	1	2	7	1	32	16	5	7	2	15	32	3	0
3	0	0	1	0	18	28	0	8	1	13	30	3	0
4	1	0	2	1	19	19	0	2	1	16	25	2	0
Govt	0	2	5	1	33	19	3	4	0	15	55	2	5
6	0	2	17	1	26	81	0	2	0	22	58	2	2
7	0	2	3	0	12	11	1	4	0	5	28	2	2
NC	0	0	3	1	24	34	0	6	2	18	36	3	0
TOTAL	2	8	40	6	182	216	11	41	6	110	286	23	17

EXHIBIT "C"

PARTS OF BODY AFFECTED IN ACCIDENTS REPC

January 1 - December 31, 1985

• CLASS	• HEAD	• EAR	• EYE	• FACE	• SCALP	• NECK	• ARM	• WRIST	• HAND	• FINGER	• ABDOMEN	• BACK	• CHEST	• HIP	• SI
1	1	8	6	2	0	1	3	0	4	14	0	13	2	1	2
2	3	0	22	3	2	4	4	3	7	15	5	9	8	1	2
3	2	1	13	5	0	2	9	5	7	13	4	18	2	2	1
4	3	2	15	2	0	3	4	1	7	16	1	11	3	1	3
Govt	1	5	11	7	3	3	6	6	8	18	0	29	13	2	8
6	4	1	20	2	2	3	9	11	24	62	0	40	2	0	2
7	1	0	9	1	0	1	4	1	3	10	0	15	4	0	4
NC	4	0	15	1	1	1	6	3	11	26	4	17	5	0	6
TOTAL	19	17	111	23	8	18	45	30	71	174	14	152	39	7	28

EXHIBIT "B"

RE OF INJURY IN ACCIDENTS REPORTED

January 1 - December 31, 1985

CUSSION	• BRUISE	• LACERATION	• DISLOCATION	• FRACTURE	• HERNIA	• ABRASION	• SPRAIN	• MULTIPLE	• HEARING	• POISONING	• UNIDENTIFIED	• ASBESTOS	• RADIATION	• TOTAL
18	8	2	8	0	6	22	6	8	1	2	1	2		87
32	16	5	7	2	15	32	3	0	1	4	0	2		130
18	28	0	8	1	13	30	3	0	0	3	0	1		106
19	19	0	2	1	16	25	2	0	0	0	2	3		93
33	19	3	4	0	15	55	2	5	1	9	37	4		195
26	81	0	2	0	22	58	2	2	0	4	0	2		219
12	11	1	4	0	5	28	2	2	0	4	2	1		77
24	34	0	6	2	18	36	3	0	0	5	0	1		133
182	216	11	41	6	110	286	23	17	3	31	42	16		1040

EXHIBIT "C"

BODY AFFECTED IN ACCIDENTS REPORTED

January 1 - December 31, 1985

LP	• NECK	• ARM	• WRIST	• HAND	• FINGER	• ABDOMEN	• BACK	• CHEST	• HIP	• SHOULDER	• LEG	• KNEE	• FOOT	• LUNG	• MULTIPLE	• TOTAL
1	3	0	4	14	0	13	2	1	2	3	8	9	2	8		87
4	4	3	7	15	5	9	8	1	2	5	11	16	0	10		130
2	9	5	7	13	4	18	2	2	1	3	5	12	0	2		106
3	4	1	7	16	1	11	3	1	3	4	8	6	1	2		93
3	6	6	8	18	0	29	13	2	8	4	11	14	28	18		195
3	9	11	24	62	0	40	2	0	2	2	2	23	0	10		219
1	4	1	3	10	0	15	4	0	4	4	2	9	2	7		77
1	6	3	11	26	4	17	5	0	6	5	9	13	1	5		133
18	45	30	71	174	14	152	39	7	28	30	56	102	34	62		1040

EXHIBIT "D"
PERMANENT DISABILITY AWARDS
January 1 - December 31, 1985

• CLASS	• EYE	• FINGER	• FOOT	• KNEE	• BACK	• HEARING	• TOTAL
1	1	1	-	-	1	3	6
2	-	3	2	1	-	1	7
3	-	1	-	-	-	-	1
4	-	-	-	-	1	1	2
Govt	-	1	-	-	1	1	3
6	-	2	-	-	2	-	4
7	-	-	-	-	-	-	0
TOTAL	1	8	2	1	5	6	23

EXHIBIT "E"
TYPE OF ACCIDENT CAUSING FATAL CLAIMS
January 1 - December 31, 1985

CLASS	AGE	CAUSE
4	25	Exposure
2	45	Motor Vehicle Accident

EXHIBIT "F"
1985 ACCIDENTS REPORTED by Geographical Region

Carcross Region	8
Dawson City	96
Faro Region	18
Haines Junction Region	14
Mayo Region	11
Outside Yukon	28
Watson Lake Region	60
Whitehorse Region	696
Unclassified	109
Total	1,040

EXHIBIT "G"

NUMBER OF COMPENSATION DAYS PAID IN 1985 BY CLASS AND YEAR OF ACCIDENT OCCURRENCE

Accident Occurrence Year

• CLASS	• 1985	• PRIOR TO 1985	• TOTAL COMPENSATION DAYS PAID
1	2,022	1,589	3,611
2	1,397	5,428	6,825
3	1,512	1,155	2,667
4	451	1,586	2,037
Govt	547	1,544	2,091
6	664	2,413	3,077
7	476	314	790
TOTAL	7,069	14,029	21,098

EXHIBIT "H"
DAYS TO ADJUDICATION BY INJURY
January 1 - December 31, 1985

• INJURY	• TOTAL PROCESSING DAYS	• CLAIMS SETTLED	• AVERAGE DAYS TO ADJUDICATION
Amputation	163	2	82
Burn	1,560	30	52
Electrical Burn	39	1	39
Concussion	513	5	103
Bruise	5,935	129	46
Laceration	8,930	190	47
Dislocation	742	9	82
Fracture	1,095	26	42
Hernia	236	4	59
Abrasion	4,148	101	41
Sprain	13,261	233	57
Multiple Injuries	780	19	41
Other Occupational Injury	575	12	48
Chemical Burn	192	5	38
Dermatitis	83	1	83
Hearing Impairment	328	2	164
Bursitis	24	1	24
Poisoning	174	3	58
Silicosis	142	1	142
Asbestos	1,177	14	84
Other Occupational Illness	392	10	39
Non Personal Damages	497	5	99
TOTAL	40,986	803	51

EXHIBIT "I"

COMPARISON OF 1985 TIME LOST CLAIMS & MEDICAL AID ONLY CLAIMS

• CLASS	• TIME LOST CLAIMS	• NO TIME LOST CLAIMS
1	38	49
2	51	79
3	45	61
4	25	68
Govt	15	180
6	49	170
7	21	56
NC	0	133
Total	244	796

EXHIBIT "J"

SUMMARY OF CLAIMS ADMINISTERED

	1985	1984
Claims under Active Administration at January 1	583	533
Plus:		
Accidents Reported	1040	1024
Claims Reopened	37	39
Total Claims Administered During the year	1660	1596
Less:		
Claims Settled (closed) During the Year	803	1013
Claims under Active Administration at December 31	857	583

EXHIBIT "K"
ASSESSABLE PAYROLLS
FOR THE YEAR ENDED DECEMBER 31

CLASS	1985	1984
		(thousands of dollars)
1	$ 12,096	$ 17,605
2	19,185	21,687
3	10,637	9,899
4	14,819	14,057
Govt	69,012	68,833
6	43,762	40,544
7	30,582	28,687
TOTAL	$200,093	$201,312

EXHIBIT "L"
CLASSIFICATION OF INDUSTRIES AND ASSESSMENT RATES
(Per $100.00 of Payroll)

CLASS	INDUSTRY RATE 1985	1984
1. MINING	$3.50	$4.00
Metal Mining Consultants Geochemical & Geophysical Exploration Mapping, Surveying & Prospecting Mineral Exploration		
2. HEAVY CONSTRUCTION AND TRUCKING	$6.00	$7.25
Diamond Drilling Drilling or Servicing of Gas or Oil Wells Seismic Geophysical Exploration Placer Mining Water Well Drilling or Digging Installation or Removal of Boilers, Machines or Engines Fabrication or Steel Erection Bridge Construction, Road Making or Land Clearing Moving Buildings Gravel Crushing or Stockpiling Excavation, Waterworks or Sewer Construction Construction of Oil or Natural Gas Pipeline		

Slashing, Staking or Line Cutting
Construction of Transmission Lines
Blasting
Crane Operations
Trucking or Hauling
Outfitting
Pilot Car Service
General Construction - Heavy - Not Elsewhere Classified

3. LIGHT CONSTRUCTION	$4.50	$5.00

Logging, Log Hauling, Skidding or Sawmills
Building Construction - Not Elsewhere Classified.
Roofing
Concrete Construction, Masonry or Bricklaying
Installation or Repair of Elevators or Trailers
Floor Laying or Ceramic Tile Contractor
Insulation of Buildings
Painting, Drywalling, Plastering or Lathing
Concrete Mixing Plants Including Transit Operation
Diving

4. SPECIFIED TRADES	$3.00	$3.50

Plumbing, Steam fitting or Gas Fitting
Mfg. or Installation of Heating, Air Conditioning, Ventilation or Fire Sprinkler Systems
Electrical Contractors
Machine, Carpentry or Glazing Shops
Sales and Service of Heavy Equipment
Welding Shops or Portable Welding
Light & Power Operations - or Line Construction
Operation of Gas Line Stations
Wholesale Establishments
Mfg. of Explosives, Clothing or others
Sales & Service of Household & Small Equipment
Operation of Retail or Wholesale Lumber Yards
Upholstering or Auctioneers
Farming
Service Trades - Not Elsewhere Classified.
Indian Bands

5. GOVERNMENT	Deposit	Deposit

Government of Yukon

6. SERVICE INDUSTRIES	$2.00	$2.00
Janitor Services		
Landscaping		
Restaurants or Catering		
MFG or Processing of Food Products or Beverages		
Laundries or Dry Cleaning Plants		
Operation of Hotels, Motels, Lodges, Cabarets or Lounges		
Operation of Buildings or Trailer Courts		
Public Amusements, Private Clubs or Recreation Centres		
Homes for Children & Aged		
First Aid Attendants or Security Police		
Bus Lines or School Buses		
Taxis		
Boat Cruises		
Sales, Service, Rentals & Repairs of Vehicles		
Bulk Oil Dealers		
Printing, Publishing, Lithography or Engraving		
Locksmiths		
Retail Sales		
Assaying		
Funeral Homes		
Veterinary Clinics		
Hairdressing & Barber Shops		
Commercial Salesmen		
Service Industries - Not Elsewhere Classified.		
7. PROFESSIONAL BUSINESS OR PUBLIC ADMINISTRATION	$0.80	$0.80
Radio, Television, Motion Picture or Live Entertainment Unions		
Insurance, Real Estate Companies, Chartered Accountants, Lawyers, Medical, Dental or Optical Clinics or Offices, Banks, Financial Companies, or Stock Brokers		
Travel Agencies		
Cities, Towns, Villages or Municipalities		
Telephone Companies		
Clerical Employees, Supplied as a Business Service		
Churches, Libraries & Museums		
Daycare, Associations or Societies		
Professional or Business - Not Elsewhere Classified		

PARTICULARS OF INVESTMENTS
AS AT DECEMBER 31, 1985

BONDS AND DEBENTURES	Par value	Cost or amortized cost
	(thousands of dollars)	
Government of Canada Bonds		
Series F97 10.000% 19951001	$ 1,000	$ 1,005
Series H12 11.500& 19931215	2,500	2,486
Series H23 12.250% 19870501	2,000	2,068
Series H26 Non-int 20061001	18,700	1,467
Series H3 10.750% 19930501	500	499
Series J-2 9.500% 20011001	2,000	1,860
Series J-24 10.250% 20040201	2,000	1,912
Series J42 13.000% 20010501	500	486
Series J58 13.750% 19890801	223	223
Series J82 15.000% 19920601	263	262
Series J95 11.750% 19921215	1,300	1,304
Coupons - Canada Series	28,185	7,216
Treasury Bills	2,300	2278
	$ 61,471	$ 23,066
Provincial and Provincial guaranteed bonds		
B.C. Building Corp Ser BCD 15.500% 19870908	$ 2,700	$ 2,814
B.C. (Eur. C$) 12.000% 19900415	500	495
Hydro-Quebec 13.500% 19910924	500	500
New Brunswick 13.750% 19860408	500	500
New Brunswick (Ext) 15.500% 19870630	250	250
New Brunswick Elec Pwr (ser 52) 11.750% 19930208	1,000	993
Nfld & Labrador Hydro Series Q 15.250% 19870915	1,500	1,504
Nova Scotia 12.000% 19931101	2,000	1,984
Nova Scotia 13.750% 19900501	313	309
Nova Scotia Power Corp (86 OPT) 15.500% 19911215	500	501

YUKO
WORKERS' COMPEN
STATEMENT OF TRANS
AND OPERATIN
FOR THE YEAR ENDI
(Thousands o

	INCOME										
• CLASS	• ASSESSMENT REVENUE	• INTEREST	• DEDUCT MERIT REBATES	• NET REVENUE	• COMPENSATION	• MEDICAL AID	• PENSION AWARDS	• TOTAL CLAIM COSTS	• DEDUCT CHARGES FUTURE CLAIM	• DEDUCT RES	
1	$ 422	$1,175	$ 88	$1,509	$210	$174	$ 47	$ 431	$122	$ 43	$
2	1,178	1,841	181	2,838	212	115	441	768	177	172	
3	491	707	67	1,131	57	36	(7)	86	9	(40)	
4	447	371	131	687	85	62	3	150	73	32	
Govt	193	146	—	339	71	81	6	158	—	—	
6	865	531	197	1,199	56	82	32	170	44	49	
7	246	168	64	350	31	43	—	74	11	—	
TOTAL	$3,842	$4,939	$728	$8,053	$722	$593	$522	$1,837	$436	$256	$1,

SATION BOARD
CTIONS BY CLASS
RESERVE
D DEC. 31, 1985
Dollars)

	EXPENSE								
STS CHARGES TO RVES	• 1985 CLAIM COSTS SETTLED	• PROVISION FOR FUTURE CLAIM COSTS	• PROVISION FOR RESERVES	• INTEREST TRANSFERRED TO RESERVES	• ADMINISTRATIVE EXPENSE	• NET EXPENDITURE	• 1985 SURPLUS	• OPERATING RESERVE JANUARY 1985	• OPERATING RESERVE DECEMBER 31 1985
66 $ 389	$114	$ 993	$ 85	$1,847	$(338)	$1,360	$1,022		
19 201	317	1,270	189	2,396	442	4,132	4,574		
7 177	133	556	88	1,071	60	1,023	1,083		
35 65	121	293	88	612	75	449	524		
58 —	—	146	35	339	—	—	—		
77 109	234	452	228	1,100	99	331	430		
33 88	66	126	123	466	(116)	299	183		
5 $1,029	$985	$3,836	$836	$7,831	$222	$7,594	$7,816		

0

Ontario Hydro 10.750% 19881207	1,500	1,491
Quebec 13.250% 19931105	1,000	984
Quebec (Ext) 16.250% 19870322	500	506
Saskatchewan (Extendible) 13.375% 19860401	500	500
Saskatchewan Series JA 11.500% 19881012	168	167
	$13,431	$13,498
Bank and Trust G.I.C.S.		
CIBC MORTGAGE CORP 14.250% 19860312	300	301
Royal Bank Mortgage Corp. 10.875% 19860731	1,500	1,501
	$ 1,800	$1,802
TOTAL INVESTMENTS	$76,702	$38,366

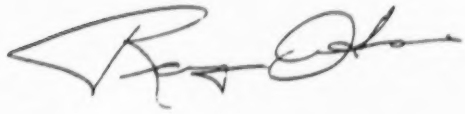
AUDITOR'S REPORT

The Honourable R. Kimmerly, M.L.A.
Executive Council Member responsible for the
Yukon Workers' Compensation Fund.

I have examined the balance sheet of the Compensation Fund (Yukon Territory) as at December 31, 1985 and the statements of income, expense and operating reserve and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Board, the financial statements are in agreement therewith and the transactions that have come under my notice have, in all significant respects, been in accordance with the Yukon Financial Administration Act and regulations and the Workers' Compensation Act and regulations.



Raymond Dubois, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
April 16, 1986

COMPENSATION FUND
(Yukon Territory)
Balance Sheet
as at December 31, 1985

	1985	1984
	(in thousands of dollars)	
ASSETS		
Cash and term deposits	$ 4,200	$ 3,829
Assessments receivable (Note 4)	582	668
Other accounts receivable	114	79
Accrued interest receivable	757	634
Investments (Note 5)	38,366	33,935
	$ 44,019	$ 39,145
LIABILITIES		
Accounts payable	$ 92	$ 250
Assessments refundable	419	542
Merit rebates payable	627	624
Future claim costs (Note 6)	6,853	5,568
Pension liability (Note 7)	10,745	9,730
	18,736	16,714
RESERVES		
Special (Note 8)	17,467	14,837
Operating	7,816	7,594
	25,283	22,431
	$ 44,019	$ 39,145

Approved by the Workers' Compensation Board:

Chairman

Member

Member

COMPENSATION FUND
(Yukon Territory)
Statement of Income, Expense and Operating Reserve
for the year ended December 31, 1985

	1985	1984
	(in thousands of dollars)	
Income		
Assessments	$ 3,842	$ 4,446
Less: Merit rebates	728	616
	3,114	3,830
Interest	4,939	4,335
Supplemented compensation benefits recovered (Note 9)	304	296
	8,357	8,461
Expense		
Claim costs		
Compensation	429	387
Medical aid and travel	411	334
Pension awards	305	102
	1,145	823
Transfers to		
Future claim costs	1,029	856
Special reserves	985	2,541
	3,159	4,220
Allocation of interest	3,836	3,378
Administrative (Note 10)	836	751
Supplementary compensation benefits (Note 9)	304	296
	8,135	8,645
Excess of income over expense (expense over income) for the year before transfer from pension liability	222	(184)
Transfer from pension liability	—	1,835
Net income for the year	222	1,651
Operating reserve		
at beginning of the year	7,594	5,943
at end of the year	$ 7,816	$ 7,594

COMPENSATION FUND
(Yukon Territory)
Statement of Changes in Financial Position
for the year ended December 31, 1985

	1985	1984
	(in thousands of dollars)	
Funds provided		
Operations		
Excess of income over expense (expense over income)	$ 222	$ (184)
Items not requiring an outlay of funds		
Transfers to:		
Future claim costs	1,029	856
Pension liability	293	84
Special reserves	985	2,541
	2,307	3,481
Allocation of interest	3,836	3,378
(Decrease) increase in accounts payable, assessments refundable and merit rebates	(278)	106
(Increase) decrease in other accounts and accrued interest receivable	(158)	119
Decrease (increase) in assessments receivable	86	(47)
Total funds provided	6,015	6,853
Funds utilized		
Pensions and claims paid from:		
Future claim costs	432	508
Pension liability	625	775
Special reserves	156	243
	1,213	1,526
Investments	4,431	4,681
Total funds utilized	5,644	6,207
Net funds provided	371	646
Cash and term deposits		
at beginning of the year	3,829	3,183
at end of the year	$ 4,200	$ 3,829

COMPENSATION FUND
(Yukon Territory)
Notes to Financial Statements
December 31, 1985

1. AUTHORITY AND OPERATIONS

Compensation Fund was established in 1973 by the Workers' Compensation Act and is administered by the Workers' Compensation Board pursuant to the Act.

The Fund provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers usually on the basis of their assessable payrolls reported, to meet all claim costs, administrative expenses and transfers to reserves.

2. ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with accounting principles considered to be appropriate in the circumstances. The more significant accounting policies of the Board are as follows:

(a) Allowance for doubtful accounts

An allowance for doubtful assessments receivable is provided for by charges against assessment income. Doubtful accounts are written off if deemed uncollectable after three years.

(b) Investments

Investments are recorded at cost at the time of acquisition. Discounts or premiums are amortized over the term of the investment. An investment portfolio has been established to meet the expected future payments of pensions.

(c) Future claim costs

In accordance with Section 57 of the Act, the estimated liability for future claim costs is based on the present value of expected future costs of claims in process, additional costs arising in future years in respect of awards already made, and accidents which have occurred but which have not been reported.

(d) Pension liability

The pension liability represents the capitalized value of future payments of pension awards. Except for pension awards provided from the special reserves when applicable, all pensions awarded for the current year's claims are provided for annually from operations and those awarded for prior years' claims are provided from the liability for future claim costs.

(e) Special reserves

Pursuant to Section 57 of the Act, special reserves are established by an annual appropriation from net assessment income of each industrial classification, based on claims experience. These reserves, and purposes, are as follows:

Disaster — to meet the loss arising or likely to arise from disaster other circumstances that would unfairly burden the employers in any class. In accordance with Board policy the amount of any individual claim cost in excess of established limits for each class is charged to the disaster reserve.

Rehabilitation — to meet expenses incurred in the rehabilitation of injured workers.

Enhanced disability — to meet the claim costs of disabilities aggravated by previous disabilities.

Industrial diseases — to meet the claim costs arising from silicosis and other industrial diseases.

(f) Operating reserve

In accordance with Section 57(1)(g) of the Act, this reserve is maintained to provide stability in the assessment rates for each class from year to year and represents the net credit balance of the industrial classes.

(g) Assessments and merit rebates

Assessment income is calculated on actual payroll costs as reported. Separate rates of assessment are established for each industrial classification sufficient to provide funds to meet all claim costs, administrative expenses and transfers to reserves.

Merit rebates are allowed to employers with favourable claims experience in the immediately preceding three calendar years. Merit rebates provided for at the year-end represent the estimated rebates to be allowed on claims experience for the three prior years.

(h) Claim costs

Claim costs are provided for in the year in which the accident occurs and comprise compensation, pension awards, medical aid and travel and transfers to future claim costs and special reserves. Pension awards are capitalized at an interest rate equal to the difference between the estimated annual rate of future interest earnings and the estimated annual rate of statutory cost of living increases.

(i) Allocation of interest income and administrative expense
Interest income is allocated to the liabilities and reserves according to the mean balances for the year.
Administrative expense, net of income from penalties, is allocated proportionately to each industrial classification within the operating reserve.

3. ACTUARIAL VALUATION

An actuarial valuation of the Compensation Fund, which is required to be carried out at least triennially in accordance with the Workers' Compensation Act, was completed as of December 31, 1983. In addition, due to the changes during 1984 to establish an investment portfolio to match more accurately the expected future payments of pensions, an actuarial valuation of the pension liability was carried out as of December 31, 1984.

4. ASSESSMENTS RECEIVABLE

Assessments receivable are recorded net of an allowance for doubtful accounts of $63,000 (1984 - $146,000). Accounts written off during the year amounted to $60,000 (1984 - $116,000).

5. INVESTMENTS

	1985		1984
	Par value	Amortized cost	Amortized cost
	(in thousands of dollars)		
Government of Canada			
Coupons	$ 28,185	$ 7,216	$ 6,246
Non-interest bearing bond	18,700	1,467	1,388
Interest bearing bonds	12,286	12,105	6,025
Treasury bills	2,300	2,278	2,535
Provincial and provincial guaranteed bonds	13,431	13,498	16,178
Other	1,800	1,802	1,563
	$ 76,702	$ 38,366	$ 33,935
Market value - December 31		$ 42,798	$ 35,552

Investments maturing within one year total $5,080,000 (1984 - $3,789,000).

The Government of Canada non-interest bearing bond matures in 2006, and the coupons mature in the years 1987 to 2006. The amounts to be amortized for these items will be credited to income as follows:

YEARS	(in thousands of dollars)
1986	1,105
1987	881
1988	752
1989	849
1990	960
1991-2006	33,655
	$ 38,202

6. FUTURE CLAIM COSTS

	1985	1984
	(in thousands of dollars)	
Amounts provided		
By class	$ 1,029	$ 856
Allocation of interest	692	579
	1,721	1,435
Amounts applied		
Claim payments	432	508
Transfer to pension liability	4	137
	436	645
Increase for the year	1,285	790
Balance at beginning of the year	5,568	4,778
Balance at end of the year	$ 6,853	$ 5,568

7. PENSION LIABILITY

	1985	1984
	(in thousands of dollars)	
Amounts provided		
Transfers from		
Operations	$ 293	$ 84
Special reserves	100	306
Future claim costs	4	137
Allocation of interest	1,243	1,355
	1,640	1,882
Amounts applied		
Pension payments	625	571
Transfer to income	—	1,835
Government of Yukon refund	—	204
	625	2,610
Increase (decrease) for the year	1,015	(728)
Balance at beginning of the year	9,730	10,458
Balance at end of the year	$10,745	$ 9,730

In addition to the amount transferred to the pension liability from operations, pension awards for current year's claim costs include lump sum payments of $12,000 (1984 - $18,000).

The interest rate used during the year for the capitalization of pension awards and potential pension awards was 2.0% (1984 - 1.25%).

An estimated valuation of the pension liability at December 31, 1985 using an interest rate of 2.0% (1984 - 2.0%) revealed a surplus of $811,900 (1984 - $30,400), after providing for the capitalized value of cost of living adjustments effective January 1, 1986.

8. SPECIAL RESERVES

	• Disaster	• Rehabilitation	• Enhanced Disability	• Industrial Diseases	• 1985 Total	• 1984 Total
					(in thousands of dollars)	
Amounts provided						
By class	$ 364	$ 365	$ 73	$ 183	$ 985	$2,541
Interest	662	484	364	391	1,901	1,444
	1,026	849	437	574	2,886	3,985
Amounts applied						
Claim payments	2	71	62	21	156	243
Transfer to pension liability	100	—	—	—	100	306
	102	71	62	21	256	549
Increase for the year	924	778	375	553	2,630	3,436
Balance at beginning of the year	5,170	3,785	2,845	3,037	14,837	11,401
Balance at end of the year	$6,094	$4,563	$3,220	$3,590	$17,467	$14,837

During 1985, the balance of the Reserve for Silicosis was transferred to the Reserve for Industrial Diseases.

9. SUPPLEMENTARY COMPENSATION BENEFITS

Supplementary compensation benefits are granted, pursuant to the Workers' Compensation Supplementary Benefits Act, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the coming into force of the Act. The Act provides that any amounts of these benefits shall be reimbursed out of the Yukon Consolidated Revenue Fund.

10. ADMINISTRATIVE EXPENSE

	1985	1984
	(in thousands of dollars)	
Salaries	$ 564	$ 532
Rentals and supplies	107	106
Occupational health and safety	95	66
Professional services	58	54
Medical fees	20	16
Other	31	24
	875	798
Less: Income from penalties	39	47
	$ 836	$ 751

11. RELATED PARTY TRANSACTIONS

In addition to the supplementary compensation benefits disclosed in the financial statements and referred to in Note 9, the Board administers the compensation claims of employees of the Government of the Yukon for which it receives reimbursement of the claim costs and related administration expenses. These totalled $192,000 for 1985 (1984 - $211,600).